

Hot Topics for ‘What’s New’

Skip-a-Payment Promotions

Several credit unions are offering members the opportunity of skipping one or more loan payments by paying a fee or by simply paying the additional interest due. Missouri statutes [Chapter 408.140 (8)] specifically address the limitations of this type of program. If you implement a ‘Skip-a-Payment’ promotion, be sure to adhere to the following:

- The member must agree in writing.
- The first loan payment must be collected.
- No more than one deferral may be permitted within a twelve-month period for any one loan.
- The maximum fee is the lesser of \$50 or 10% of the loan payments deferred.

Examiners have recently noted instances of credit unions charging the member a flat fee regardless of the payment amount. Management must be aware of the requirement for the lesser of the fee or 10% of the loan payment. For example, if a fee of \$15 is charged, loans with payments of less than \$150 must be charged based on 10% of the loan payment or less than the \$15.

If you plan a ‘skip-a-payment’ special, please be aware of the above provisions.

Indirect Lending - Late Fees

Credit unions providing indirect vehicle loans need to be aware of the late fee provisions disclosed in the sales contract. Since individual dealerships use various sales contracts, late fees disclosed may vary.

Late fees disclosed on indirect lending contracts may differ from those reported on credit union promissory notes. Consequently, management must determine that members are assessed late fees as stated. Be sure you are taking the following steps:

- ❖ Ensure that the late fees disclosed are permissible in Missouri. Missouri statutes may not have been the reference for an individual dealer’s paper.
- ❖ Ensure that the loans are appropriately coded in the credit union’s data processing system if various late fees are to be assessed.
- ❖ If members have been charged late fees in excess of the disclosed amount or in excess of Missouri limitations, be sure to reimburse the member.